

Message Text

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INFO OCT-01 EUR-25 IO-12 ADP-00 CIAE-00 PM-09 INR-10 L-03

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AMEMBASSY HELSINKI

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TAGS: OCON, PFOR

SUBJ: CSCE COST SHARING

REF: A. STATE 62493, B. NATO 1711, C. BONN 5067

HELSINKI FOR USDEL MPT

1. AT RESUMED COST SHARING DISCUSSION YOU SHOULD PUT FORWARD FORMULA OUTLINED IN PARA 6, REF A. WE CONTINUE TO VIEW THIS AS MOST ACCEPTABLE COMPROMISE SINCE IT CREATES ONLY ONE " SPECIAL" CATEGORY OF STATES - I. E. THOSE OF INDISPUTABLY SMALL SIZE.

2. IF APPROACH STATED IN PARA 1 ABOVE OR SIMILIAR
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FORMULATION WHICH EXCEPTS ONLY MINI- STATES FALLS SHORT OF WINNING ACCEPTANCE YOU MAY SUGGEST FOLLOWING AS SECOND (THOUGH TO US LESS DESIRABLE) COMPROMISE FORMULA: THREE NATIONS HAVING LESS THAN 100,000 POPULATION (LIECHTENSTEIN, SAN MARINO, VATICAN) COMBINE TO PAY ONE SHARE. FOUR NATIONS HAVING LESS THAN ONE MILLION POPULATION (CYPRUS, ICELAND, LUXEMBOURG, MALTA) COMBINE TO PAY TWO SHARES. REMAINING 27 COUNTRIES EACH PAY SINGLE SHARE. COSTS WOULD THUS BE DIVIDED AS FOLLOWS:

27 COUNTRIES WOULD PAY FULL SHARE (3.3 PER CENT EACH)
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FOR CERTAIN FORMER SURTAXES ON IMPORTED WHEAT. ALTHOUGH THE CASE HAD LONG SINCE BEEN AMPLY VENTILATED IN ECUADOREAN CIVIL AND TAX COURTS, WITH A FINDING IN THE COMPANY' S FAVOR, THE PRESUMABLY INVALIDATED CERTIFICATES OF TAX LIABILITY WERE NEVER RETIRED FROM THE FILES OF THE CUSTOMS SERVICE. THEY WERE BROUGHT TO LIGHT DURING THE PAST YEAR AS A RESULT OF THE NATIONAL REVOLUTIONARY GOVERNMENT' S INVESTIGATIONS INTO POSSIBLE TAX EVASION.

2. IN CHARACTERISTIC FASHION GEN. RAUL GONZALEZ ALVEAR, WHO WAS THEN LOCAL MILITARY ZONE COMMANDER, HAULED FEBRES- CORDERO INTO HIS OFFICE LAST MAY AND OFFERED HIM THE FOLLOWING ALTERNATIVE: GO IMMEDIATELY (AND POSSIBLY INDEFINITELY) TO PRISON OR DEPOSIT A CHECK FOR THE NEWLY CONTESTED SUM, PLUS INTEREST AND SPECIAL CHARGES (WHICH EXCEEDED THE ORIGINAL LIABILITY) PENDING RESOLUTION OF THE CLAIM. AS THE TOTAL INVOLVED WAS EQUIVALENT TO OVER 280,000 DOLLARS IT WAS AGREED WITH GONZALEZ, ACCORDING TO THE TWO DETAINEES (WHO CO- SIGNED) THAT THE CHECK WOULD BE WRITTEN WITHOUT COVERING FUNDS. (ECUADOREAN LAW PROVIDES SWIFT AND DRASTIC MEASURES FOR COLLECTION OF RUBBER CHECKS, SO THE PROCEDURE WAS IN EFFECT A LIEN ON THE FLOUR MILL.)

3. THE CASE HAS BEEN UNDER CONSIDERATION HERE BY THE FIRST SPECIAL TRIBUNAL SINCE JANUARY. NOTHING HAS YET COME TO LIGHT REGARDING THEIR DELIBERATIONS, BUT THEY HAVE OBVIOUSLY NOT BEEN FAVORABLE TO INDUSTRIAL

MOLINERA. (FEBRES- CORDERO REPORTEDLY KNEW OF HIS IMPENDING ARREST FOR TWO WEEKS). THE ONLY EXPLANATION OFFERED SO FAR BY THE SPECIAL TRIBUNAL HAS BEEN A TERSE ANNOUNCEMENT THAT " A SERIOUS CRIME EXISTS AND CONTEMPT OF GOVERNMENT RULINGS, ALONG WITH AN UNSUPPORTED FIDUCIARY DOCUMENT WHICH IN AND OF ITSELF IS AN INDICATION OF THE BAD FAITH AND CRIMINAL INTENT OF THE REPRESENTATIVES OF INDUSTRIAL MOLINERA". (HOWEVER, THE CHECK HAS APPARENTLY NEVER BEEN PRESENTED FOR COLLECTION, A PREREQUISITE FOR LEGAL ACTION UNDER ECUADOREAN LAW.)

4. AS OF THIS DATE BOTH DETAINEES CONTINUE IN CONFINEMENT, WITH NO VISIBLE MOVEMENT IN THEIR CASE. THE LOCAL MORNING PRESS, GENERALLY CONSIDERED SPOKESMEN FOR THE COASTAL OLIGARCHY, HAS BEEN HAVING A FIELD DAY WITH THE CASE AND EVERY EMOTIONAL STOP IS BEING PULLED IN THEIR FAVOR, ESPECIALLY THAT OF FEBRES- CORDERO. (PARTICULAR PLAY IS BEING GIVEN TO HIS YOUNGEST DAUGHTER, A JUVENILE SWIMMING CHAMPION, SPORTS- PAGE HEROINE, AND RECIPIENT
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OF A WIDELY- PUBLICIZED GOE DECORATION ONLY A FEW DAY BEFORE HER FATHER' S ARREST AND SUBJECT OF SPECAIL PRESS ATTENTION WHEN SHE VISITED HER IMPRISONED FATHER) ADDING TO THE GENERAL CLAMOR, THE GUAYAQUIL CHAMBER OF INDUSTRIES, OF WHICH FEBRES- CORDERO IS PRESIDENT, HAS GONE INTO " PERMANENT SESSION" AND IS PEPPERING THE PRESS WITH OUT- RAGED COMMUNIQUE OF SUPPORT, TO WHICH THE CHAMBERS OF COMMERCE AND AGRICULTURE AND SIMILAR ORGANIZATIONS FROM OTHER ECUADOREAN CITIES (INCLUDING QUITO) HAVE ADHERED.

5. FEBRES- CORDERO IS AN ARCHTYPICAL REPRESENTATIVE OF THE COASTAL OLIGARCHY. IN ADDITION, HE IS AN EXTREMELY ABLE, ENERGETIC, FORCEFUL BUSINESS EXECUTIVE, AND ONE OF THE NATURAL LEADERS OF COASTAL ECONOMIC CIRCLES. HE HAS BEEN PRESIDENT OF THE GUAYAQUIL CHAMBER OF INDUSTRIES FOR THE PAST SEVERAL YEARS AND IS A FORMER FUNCTIONAL SENATOR (FOR INDUSTRY). HE WAS ALSO A LEADER OF THE GUAYAQUIL- BASED " FUERZAS VIVAS" WHICH PLAYED A SIGNIFICANT ROLE IN BRINGING ABOUT THE COLLAPSE OF THE 1963-66 MILITARY JUNTA. PONCE' S CREDENTIALS ARE SIMILARLY IMPRESSIVE, THOUGH ON A SOMEWHAT LESSER SCALE. HIS PRINCIPAL CLAIM TO FAME, HOWEVER, IS PROBABLY HIS MARRIAGE TO A DAUGHTER OF LUIS A. NOBOA, ECUADOR' S WEALTHIEST CITIZEN. NOBOA IS A SELF- MADE MILLIONAIRE AND OWNER OF A 32- COMPANY EMPIRE BASED ON BANAS AND SHIPPING, BUT ALSO INCLUDING INDUSTRIAL MOLINERA. HE HAS BEEN LIVING OUTSIDE OF ECUADOR(REPORTEDLY IN NEW YORK) FOR THE PAST
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